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1 February 1960 25X1

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# CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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## CENTRAL INTELLIGENCE BULLETIN

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## DAILY BRIEF

## I. THE COMMUNIST BLOC

**Soviet Bloc Meeting:** A pre-Summit strategy conference between Khrushchev and all top Soviet bloc party and government leaders, with the possible exception of the Chinese Communists, appears to be the most likely explanation for the convergence on Moscow of high-level bloc delegations ostensibly for a conference on agriculture. All of the delegations so far announced have included both the party first secretary and the premier; their presence would not be necessary if only agricultural matters were to be discussed. The upcoming meeting will be the first Khrushchev has held with all the satellite leaders since his visit to the United States last September.

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**USSR-UAR:** Public statements of both Soviet and UAR officials now suggest that the Soviet Union will aid Egypt in building the entire Aswan Dam complex. According to the Soviet minister of power station construction, the second stage will encompass, in addition to the main section of the dam, "a hydroelectric power station... and the electric transmission line"-- projects previously considered to be part of a third stage of construction. Moreover, the UAR minister of public works has stated that the Soviet Union will grant the UAR about \$290,000,000 for the second stage. This, when added to the \$100,000,000 Soviet credit for the first stage, would about equal the estimated total foreign exchange cost for completing the Aswan project.

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## II. ASIA-AFRICA

N/D

**Japan:** [The Soviet note making Moscow's pledge to return Shikotan and the Habomai islands to Japan contingent on the removal of all foreign forces from Japan appears to have been a blunder. Even among critics of the US-Japan security treaty, there has been adverse reaction to the Soviet action as constituting unwarranted interference in Japanese internal affairs and]

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[a breach of international faith. Japanese Foreign Ministry officials believe the USSR, misreading public attitudes in Japan, may exert further pressure against the treaty in the current trade talks and forthcoming fishing negotiations. Such tactics could in fact aid Kishi in obtaining Diet ratification of the treaty and improve his prospects should he call for a general election on the treaty issue.]

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*OK*

Burma - Communist China: The Sino-Burmese boundary agreement, although not a final settlement, defines the limits within which remaining differences are to be settled by a joint committee. The Burmese will view China's formal acceptance of the traditional border, with but two small exceptions, as a major accomplishment. On the other hand, Burma apparently went further than it originally intended in concluding a nonaggression pact--the first that Peiping has signed with a Southeast Asian country. Peiping, presumably hoping to promote negotiations with New Delhi, has begun to make propaganda use of the agreement.

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*ND*

Iraq: Prime Minister Qasim told the American ambassador in Baghdad on 28 January that he did not believe that military governor General Abdi and other high officials had been involved in the plot to assassinate him, as charged last week by defendants in Colonel Mahdawi's court. Qasim also disavowed Mahdawi's accusation that the American ambassador in Cairo

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[had provided money to refugee antiregime plotters. In a session of the people's court on 30 January, Mahdawi interrupted the testimony of one of the key defendants to accuse him of trying "to create confusion in the country and to make the leader suspicious. . . of persons and officers. . . whose loyalty could not be questioned." Regardless of what Qasim may actually believe, it would now appear that he intends no immediate major shake-up in the top level of his government.]

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### III. THE WEST

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[\*Algeria-France: French Army forces in Algiers now appear prepared to take any action necessary against the settler insurgents to restore order. Local commanders will continue reluctant to take offensive action, however, as long as they see a possibility that a show of force might induce a large number of insurgents to give up their struggle. The present attitude of the army, together with the departure from the barricades on 31 January of about 200 insurgents--members of the Home Guard who have been the target of special appeals--appears to have seriously damaged morale inside the barricades.]

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[Leaders of the Moslem rebel National Liberation Front (FLN) appear concerned that, over the long term, De Gaulle's firm support of Algerian self-determination will increase his following among Moslems, and have directed Algerian Moslems to "stand completely aside" from events in Algiers.]

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[Venezuela - Dominican Republic: The Venezuelan Government will soon request the Organization of American States to take action to terminate Dominican interference in Venezuelan affairs and issue a white paper on Dominican subversive activities. These moves will probably stimulate the efforts of Dominican internal and exile groups against Trujillo, who already faces serious opposition at home.]

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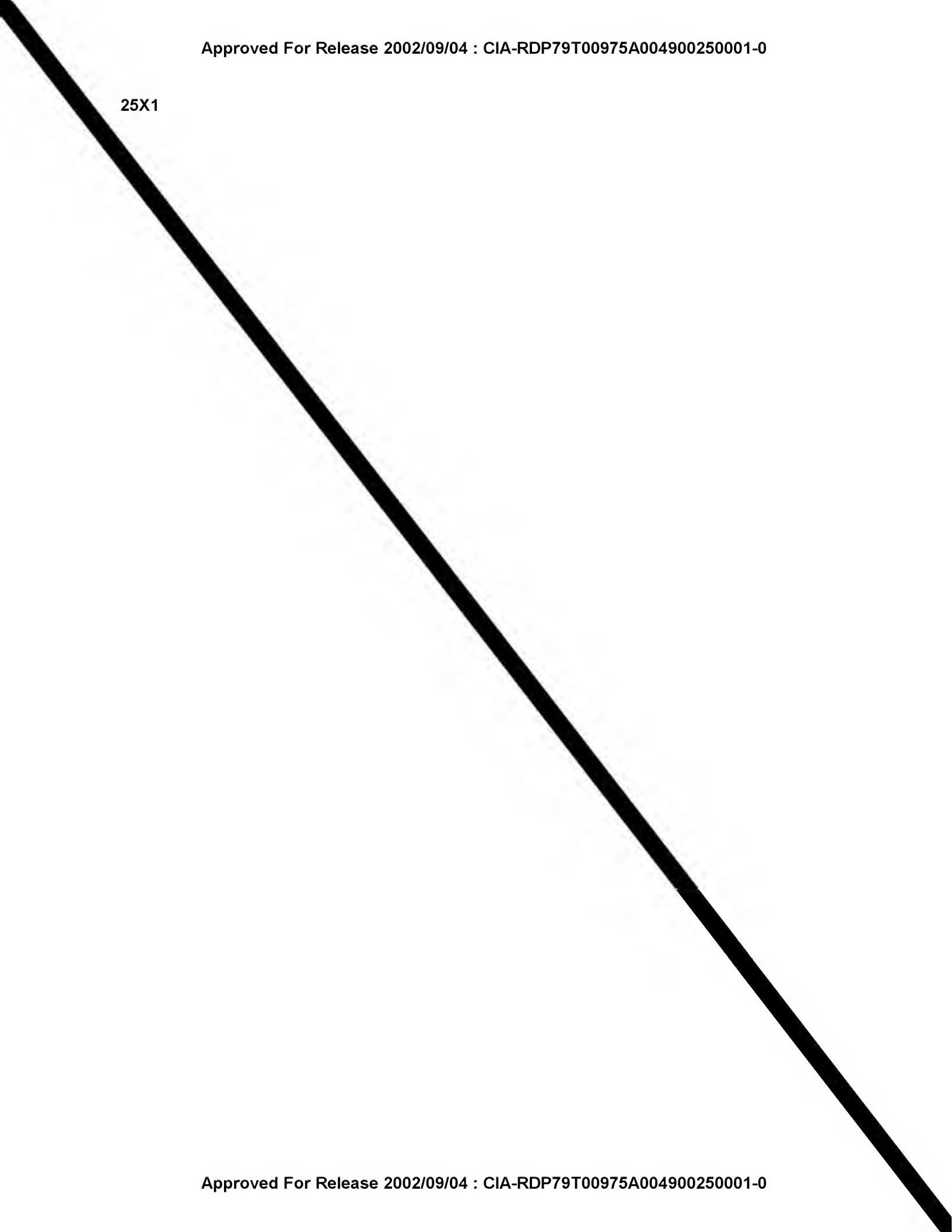
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## I. THE COMMUNIST BLOC

Moscow Meeting of Bloc Leaders

Khrushchev and top bloc leaders, with the possible exception of the Chinese Communists, apparently will hold a pre-Summit strategy conference in Moscow during the next few days. The delegations announced so far include the party first secretaries, premiers, chairmen of the state planning commissions, and agricultural ministers. This composition suggests that general policy matters concerning the bloc and questions concerning agriculture and economic planning will be discussed.

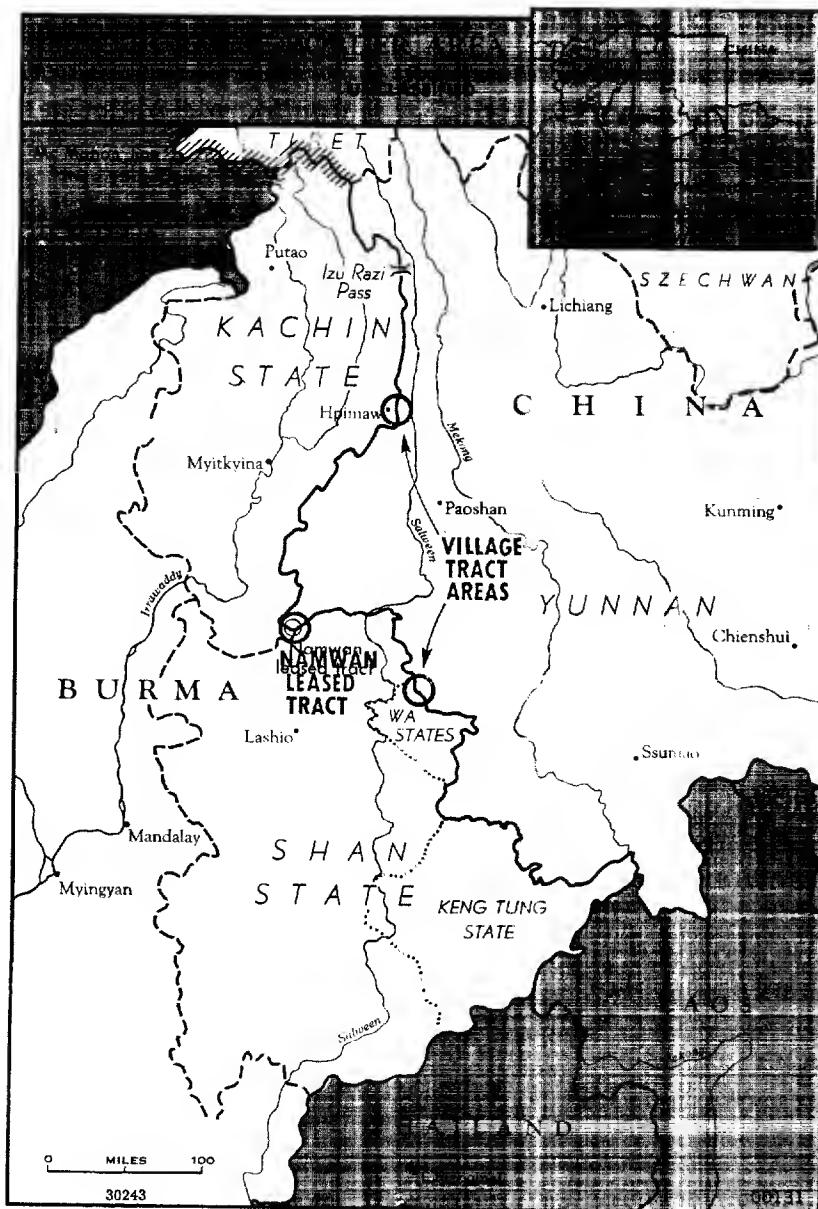
Even though most of his principal lieutenants are out of the country, Khrushchev's heavy schedule probably would preclude any other time for a meeting until mid-spring. In his first major bloc meeting since the Camp David talks last September he will probably stress that the "Camp David detente" does not allow for any relaxation of internal controls within the Communist countries. He probably will discuss the apparent improvement in Soviet-Yugoslav relations and developments during the recent Moscow visit of Yugoslav politburo member Vukmanovic-Tempo.

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Agricultural weaknesses and the consequent hindrance to the bloc's economic growth will probably dominate the agricultural discussions. In 1959 only Hungary and Rumania achieved their agricultural plans. Problems include inadequate mechanization, a shortage of fertilizer, poor planning by collectives, and a continuing shortage of livestock, caused in part by a shortage of fodder. The food problem in East Germany and to a lesser extent in Poland may be of immediate concern.

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## II. ASIA-AFRICA

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Communist China and Burma Sign Border Protocol

In the border agreement signed on 28 January during Premier Ne Win's visit to Peiping, Burma and Communist China agreed, with two small exceptions, to the traditional boundary between the two countries, following the watershed principle in the north and the 1941 Sino-British line in the south. The border agreement, although not a final settlement, defines the limits within which remaining differences are to be settled. The Burmese consider China's formal acceptance of the traditional border in an official document as a major accomplishment, although it conforms to Peiping's public position of the past several years.

A treaty of friendship and nonaggression was also signed--the first such treaty Peiping has signed with a Southeast Asian country. By agreeing not to participate in military alliances directed against each other, Burma apparently went beyond its original intentions.

The extent of two village tract areas in the Kachin and Wa states to be ceded to China remains to be defined by a joint Sino-Burmese committee which will operate within the limits of claims shown on maps previously exchanged between Peiping and Rangoon. China has agreed to cede to Burma the Namwan leased tract essential to communication between the Shan and Kachin states. The joint committee, after what may involve extended negotiations over the size of the village tract areas, is to draft a final border treaty.

Peiping's propaganda has already begun to exploit its willingness to sign the agreement with Rangoon, apparently to promote similar negotiations with New Delhi. Nehru may interpret the Sino-Burmese agreement as indicating greater willingness on Peiping's part to make some concession toward a settlement of the more difficult Sino-Indian border dispute. The agreement with Burma sets a precedent for defining the border between Assam and Tibet, with minor adjustments, on the basis of the McMahon line. However, on the western sector of the frontier, where the "traditional" border is widely disputed, New Delhi would still be faced with Chinese occupation of some 6,000 square miles of Indian-claimed territory in the Ladakh area of Kashmir. In any case, Nehru now will find it more difficult to maintain publicly that early negotiations with the Chinese would serve no useful purpose.

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### III. THE WEST

#### The French-Algerian Situation

French Army forces in Algiers have responded to De Gaulle's call and now appear prepared to take any action necessary against the settler insurgents to restore order. De Gaulle's replacement on 31 January of his local commander in Algiers, General Gracieux, who reportedly was engaged in informal negotiations with the rebels, was probably a move to demonstrate that he will not temporize with the insurgents. The present attitude of the army, together with the departure from the barricades on 31 January of about 200 insurgents--members of the Home Guard who have been the target of special appeals--appears to have seriously damaged morale inside the barricades. Local commanders will continue reluctant to take offensive action as long as they see a possibility that a show of force might induce a large number of the insurgents to give up their struggle.

Early on 31 January there were indications that the army was preparing for possible action against the insurgents' barricades. The effects of these preparations were partially neutralized, however, by large-scale street demonstrations in favor of the insurgents. At one time the mobs demonstrating outside the barricades reportedly numbered over 10,000, and two groups of extremists, totaling about 1,000, broke through the army cordon to join the insurgents. The first indication of dissidence among the insurgents came later in the day, when 41 members of the Home Guard left the barricades under a flag of truce in response to the army's orders to report to their units.

Leaders of the Moslem rebel National Liberation Front (FLN), now in Tunis, are concerned that, over the long term, De Gaulle's firm support of Algerian self-determination may undercut popular support for the rebels. In conversation with American officials, they have stated they have no desire to "weaken" De Gaulle. On 30 January, however, rebel Premier Ferhat Abbas instructed Algerian Moslems to "remain entirely apart" from events in Algiers.

In France, government confidence and optimism appeared on the rise. The head of Premier Debré's personal staff talked to an American Embassy official on 30 January in terms of post-crisis problems, saying that those responsible for the Algiers insurrection would be "severely dealt with, including elements of the army." He indicated also that a cabinet shake-up would be part of the "final regulation" of the Algiers crisis.

At the same time, the government's continuing caution was indicated by its second roundup of rightist extremists in France, and by a series of top-level conferences. Debré's conference with General Massu and Marshal Juin on 31 January suggests the government may be making an effort to obtain their support if required. The government also apparently still feels some need of public expressions of support such as the one-hour work stoppage called by the French trade unions for 1 February as a demonstration of labor backing for De Gaulle's Algerian policy. The American Embassy in Paris reports that the two main non-Communist unions received "informal indications" from the government that it would "not look unfavorably" on the planned work stoppage.

The Soviet press and radio, which had avoided direct criticism of De Gaulle while alluding to "passivity" by the French Government in handling the Algiers crisis, on 30 January endorsed De Gaulle's condemnation of the insurgents and his reaffirmation of a policy of self-determination for the Algerians.

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Venezuela to Protest Dominican Intervention

The Venezuelan Government, which suspended relations with the Dominican Republic last June, will soon request the Organization of American States (OAS) to take action to terminate Dominican interference in Venezuelan internal affairs and issue a white paper on hostile Dominican activity. The charges will include "incendiary" radiobroadcasts, aid to conspirators, and the infiltration of "mercenaries."

These moves will probably stimulate efforts of dissident Dominican elements--several exile groups are located in Caracas--to overthrow Trujillo, who already faces serious internal opposition. Venezuelan President Betancourt, an implacable enemy of the Dominican dictator, stated in a 21 January speech that he was prepared to take "energetic measures" against Trujillo if the OAS were incapable of effective action,

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Betancourt considers Trujillo the main source of Caribbean tensions and one of the promoters of the plotting and terrorism which recently has plagued his regime. In addition to the vituperative broadcasts against him, an attempted air drop of subversive leaflets over Caracas last November was launched from the Dominican Republic. The Venezuelan Government has made a concerted effort to oust the Dominican Republic and other dictatorships from the OAS. Betancourt has strong backing from the Venezuelan public for his anti-Dominican policies.

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